



**Economic and Financial Studies  
Economics Department**

**ECON141 – Introductory Econometrics**

**First Semester, 2007**

**UNIT OUTLINE**



## 1. Overview of ECON141

The aim of ECON141 is to acquaint students with econometric techniques frequently used in the analysis of economic, financial and marketing data. A basic level of competence in using these techniques, together with an appreciation of their strengths and limitations, is essential for economists, financial analysts and market researchers.

The unit builds on statistical techniques covered in STAT170 (Introductory Statistics) with emphasis given to applications in economics, finance and marketing. Mathematical proofs and derivations are considered only to the extent necessary to facilitate an understanding of key concepts and the interpretation of results.

During the semester students will be required to use the WINDOWS based computer program ECSTAT, which runs in EXCEL. The use of this computer program is an integral component of tutorial exercises, supplementary and revision exercises, and the assignment. Instruction in the use of the computer program will be given in lectures, tutorials and practicals as required. The computing component of the unit is not examinable in the within-semester class test, the two mid-semester examinations or end-of-semester examination.

"Louis Armstrong was an economist. Every note was important, and it counted for something."

–ABC television program on Jazz.

"Econometrics is the quantitative arm of economics. It is the closest that economics gets to being a science."

–Roger Tonkin  
Lecturer in Econometrics  
Macquarie University

## 2. Prerequisites

ECON141 has two prerequisites. Students must have obtained at least a PC (or CQ) in:

- (i) STAT170, or STAT171; and
- (ii) ECON110, or ECON111, or BBA103

### **3. ECON141 Web Page and WebCT**

The web address for this unit is: <http://online.mq.edu.au/pub/ECON141A/>  
This web address is case sensitive. Students enrolled in ECON141 can log on to the Online Teaching Facility for the unit (i.e. WebCT) from the ECON141 Web Page.

### **4. Workload**

Students are expected to devote AT LEAST nine hours each week to ECON141, including attendance at Lectures, Tutorials and the Computing Practical.

### **5. Text-book**

The prescribed text-book for the unit is:

*Gujarati, D.N.*  
*ESSENTIALS OF ECONOMETRICS, Third Edition*  
*McGraw-Hill/Irwin, 2006*

Bound copies of the Lecture Notes used in ECON141 can be purchased from the University Cooperative Bookshop. The Lecture Notes, together with the lectures and text-book references, will provide students with a clear indication of the content and scope of the unit.

Students enrolled in ECON141 are strongly advised to purchase a copy of the Lecture Notes and a copy of the text-book.

## 6. Recommended Reference Books

The following reference books are highly recommended for all students enrolled in ECON141:

*Studenmund, A.H.*  
*USING ECONOMETRICS: A PRACTICAL GUIDE, Fifth Edition,*  
*Pearson/Addison-Wesley, 2006*

*Dougherty, C.*  
*INTRODUCTION TO ECONOMETRICS, Second Edition,*  
*Oxford University Press, 2002*

These two books have excellent non-technical discussions of the material discussed in ECON141. Some of the notation and some of the mathematical conventions used in formulae and equations in Studenmund's book differ from the notation and conventions used in many introductory econometric text-books and in ECON141. For that reason, and only for that reason, Studenmund's text-book cannot be recommended as a prescribed text-book for ECON141. There is a strong argument that students should be made aware of the differences in notation and conventions that exist in the econometric literature. The book by Studenmund serves that purpose for students enrolled in ECON141, in addition to providing a clear non-technical discussion of basic econometric concepts and procedures.

## 7. Supplementary Reading

There are a number of introductory books on Economic Statistics, Regression Analysis and Econometrics. Students may find the following books useful:

*Bechtold, B., and R. Johnson,*  
*STATISTICS FOR BUSINESS AND ECONOMICS,*  
*PWS-Kent, 1989*

*Berenson, M.L., and D.M. Levine*  
*BASIC BUSINESS STATISTICS, 5th Edition,*  
*Prentice-Hall, 1992*

*Berry, W.D., and S. Feldman*  
*MULTIPLE REGRESSION IN PRACTICE*  
*Sage Publications, 1985*

- \* Cameron, S.  
*ECONOMETRICS*  
McGRAW-Hill, 2005
  
- Croucher J.S., and E. Oliver*  
*STATISTICS: A MODERN INTRODUCTION FOR BUSINESS AND MANAGEMENT,*  
McGraw-Hill, 1986
  
- \* *Halcoussis, D.,*  
*UNDERSTANDING ECONOMETRICS,*  
*South-Western (Thompson), 2005*
  
- \* *Eastman, B.D.*  
*INTERPRETING MATHEMATICAL ECONOMICS AND ECONOMETRICS*  
*St Martin's Press, 1984*
  
- \* *Griffiths, W., R.C. Hill & G.G. Judge*  
*LEARNING AND PRACTICING ECONOMETRICS*  
*Wiley, 1993*
  
- \* *Harrison, S.R., and R.H.U. Tamaschke*  
*APPLIED STATISTICAL ANALYSIS*  
*Prentice-Hall, 1984*
  
- \* *Harrison, S.R., and R.H.U. Tamaschke*  
*STATISTICS FOR BUSINESS, ECONOMICS AND MANAGEMENT*  
*Prentice-Hall, 1993*
  
- Hebden, J.*  
*STATISTICS FOR ECONOMISTS*  
*Philip Allan, 1981*
  
- Hey, J.D.*  
*STATISTICS IN ECONOMICS*  
*Martin Robertson, 1974*
  
- \*\* *Hill, C., W. Griffiths and G. Judge*  
*UNDERGRADUATE ECONOMETRICS*  
*John Wiley & Sons, 1997*
  
- \*\* *Kelejian, H.W., and W.E. Oates*  
*INTRODUCTION TO ECONOMETRICS, 2nd Edition*  
*Harper & Row, 1981*

- \* *Kennedy, P.*  
*A GUIDE TO ECONOMETRICS, 5th Edition*  
*Blackwell, 2003*
  
- Kenkel, J.L.*  
*INTRODUCTORY STATISTICS FOR MANAGEMENT & ECONOMICS,*  
*3rd Edition, PWS-Kent, 1984*
  
- \*\* *Kmenta, J.*  
*ELEMENTS OF ECONOMETRICS*  
*Macmillan, 1971*
  
- \* *Koutsoyiannis, A.*  
*THEORY OF ECONOMETICS, 2<sup>nd</sup> Edition*  
*Macmillan, 1977.*
  
- \* *Lewis-Beck, M.S.*  
*APPLIED REGRESSION: AN INTRODUCTION*  
*Sage Publications, 1980*
  
- \* *Lewis, D.E., D.T. O'Brien and D. Thampapillai*  
*STATISTICS FOR BUSINESS AND ECONOMICS*  
*Harcourt Brace Jovanovich, 1990.*
  
- Mansfield, E.*  
*STATISTICS FOR BUSINESS & ECONOMICS, 2nd Edition*  
*Norton, 1983*
  
- \*\* *Mirer, T.W*  
*ECONOMIC STATISTICS & ECONOMETRICS,*  
*Macmillan, 1983*
  
- \*\* *Pindyck, R.S., and D.L. Rubinfeld*  
*ECONOMETRIC MODELS AND ECONOMIC FORECASTS, 4<sup>th</sup> Edition,*  
*McGraw-Hill International, 1998*
  
- Round, D.K., and A.J. Arnold*  
*ECONOMIC AND BUSINESS STATISTICS PRACTICAL APPLICATIONS*  
*WITH MINITAB AND SAS,*  
*Harper & Row, 1988*
  
- \* *Schroeder, L.D., D.L. Sjoquist and P.E. Stephan*  
*UNDERSTANDING REGRESSION ANALYSIS: AN INTRODUCTORY*  
*GUIDE,*  
*Sage Publications, 1986*

*Selvanathan, A., Selvanathan S., Keller G., Warrack B., and H. Bartel*  
*AUSTRALIAN BUSINESS STATISTICS*  
*Thomas Nelson Australia, 1994*

*Thomas, J.J.*  
*AN INTRODUCTION TO STATISTICAL ANALYSIS FOR ECONOMISTS*  
*Weidenfeld and Nicolson, 1983*

\*\* *Thomas, R.L.*  
*MODERN ECONOMETRICS: AN INTRODUCTION*  
*Addison-Wesley, 1997.*

*Webster, A.*  
*APPLIED STATISTICS FOR BUSINESS AND ECONOMICS*  
*Irwin, 1992*

*Wonnacott, T.H., and Wonnacott R.J.*  
*INTRODUCTORY STATISTICS FOR BUSINESS AND ECONOMICS,*  
*4th edition, Wiley, 1990*

\* Very good non-technical references

\*\* Very good technical references

## **8. Other Entry-Level and Intermediate-Level Econometric Text-books**

Students who are majoring in Economics, Applied Econometrics or Applied Finance, or who are considering a major in these areas, may find the following recently published books useful:

*Gujarati, D.N.*  
*BASIC ECONOMETRICS, 4<sup>th</sup> Edition,*  
*McGraw-Hill, 2003*

*Koop, G.*  
*ANALYSIS OF ECONOMIC DATA, 2<sup>nd</sup> Edition,*  
*Wiley, 2005*

*Heij, C., P. de Boer, P.H. Franses, T. Kloek and H.K. van Dijk*  
*ECONOMETRIC METHODS WITH APPLICATIONS IN BUSINESS AND*  
*ECONOMICS, Oxford University Press, 2004*



*Murray, M.P.*  
*ECONOMETRICS: A MODERN INTRODUCTION*  
*Addison-Wesley / Pearson International, 2006*

*Patterson, K.*  
*AN INTRODUCTION TO APPLIED ECONOMETRICS: A TIME SERIES APPROACH, Palgrave, 2000*

*Schmidt, S.J.*  
*ECONOMETRICS*  
*McGraw-Hill Irwin, 2005*

*Stock, J.H., and M.W. Watson*  
*INTRODUCTION TO ECONOMETRICS, 2<sup>nd</sup> Edition,*  
*Addison-Wesley / Pearson International, 2007*

*Verbeek, M.*  
*A GUIDE TO MODERN ECONOMETRICS, 2<sup>nd</sup> Edition,*  
*Wiley, 2004*

*Vogelvang, B.*  
*ECONOMETRICS: THEORY AND APPLICATIONS WITH EVIEWS*  
*Pearson Education / Prentice-Hall, 2005*

*Wooldridge, J.M.*  
*INTRODUCTORY ECONOMETRICS: A MODERN APPROACH, 2<sup>nd</sup> Edition,*  
*South-Western College Publishing / Thomson Learning, 2005*

## **9. Learning Outcomes**

All academic programs at Macquarie University seek to assist students develop generic skills in a range of areas. One of the aims of ECON141 is to assist students develop skills in numeracy, information technology, critical analysis and problem solving.

## **10. Teaching, Learning and Assessment Strategy**

The purpose of the final examination for ECON141 is to assess each student's understanding of the concepts and procedures discussed in lectures and tutorials.

A major aim of the within-semester assessment in ECON141 is to encourage and develop in students the capacity for self-motivated and self-directed learning.

## 11. Class Arrangements

Students enrolled in ECON141 are required to attend thirty-nine hours of lectures (i.e. three hours each week), ten one-hour tutorial classes, and one one-hour computing practical.

Non-attendance at lectures, tutorials, and the computing practical, is the surest way to guarantee failure.

<b>Lectures:</b>	Evening Stream	Monday 6 – 9 pm, Mason Theatre
	Day Stream	Tuesday 1 – 4 pm, E7B T3
<b>Tutorial Classes:</b>	:	Weeks 3, 5, 6, 7, 8, 9, 10, 11, 12 and 13
<b>Computing Practical:</b>	:	Week 4

Lectures, tutorials and computing practicals commence at 5 minutes past the hour and end at 5 minutes to the hour.

Week	Date	Tutorial Exercise	Tutorial Class	Computing Exercise	Computing Practical
1	Feb 26 – March 2	*			
2	March 5 – 9	*			
3	March 12 – 16	*	*		
4	March 19 – 23	*		*	*
5	March 26 – 30	*	*		
6	April 2 – 5	*	*	*	
April 10 – 20 Mid-Semester Recess					
7	April 23–24, 26–27	*	*	*	
8	April 30 – May 4	*	*	*	
9	May 7 – 11	*	*	*	
10	May 14 – 18	*	*	*	
11	May 21 – 25	*	*	*	
12	May 28 – June 1	*	*	*	
13	June 4 – 8	*	*	*	

April 6:	Easter Friday public holiday (Week 6)
April 9:	Easter Monday public holiday (Mid-Semester Recess)
April 25:	Anzac Day public holiday (Week 7)
June 11:	Queen's Birthday public holiday (Examination Period)

In Week 7, tutorials time-tabled on Anzac Day will be held on Friday 27<sup>th</sup> April.

## 12. Prerequisite Revision Topics

Measures of Central Location in Populations and Samples

Measures of Variability in Populations and Samples

Summation Notation

The Relative Frequency definition of Probability

The Normal Distribution

The t-distribution

Sampling Distributions

Basic procedures in statistical inference

Type I and Type II errors

The Power of a Test

Properties of Estimators: Unbiasedness and Efficiency

## 13. Lecture Program

A full list of the lecture topics for ECON141 is provided on the next page.

Week 1	Introduction, Topics 1 & 2
Week 2	Topics 3, 4 & 5
Week 3	Topic 6
Week 4	Topics 7 & 9
Week 5	Topics 11 & 12
Week 6	Topics 13 & 14
Week 7	Topics 15 & 16
Week 8	Topics 17, 18 & 19
Week 9	Topics 20, 21 & 22
Week 10	Topics 23 & 24
Week 11	Topics 25 & 26
Week 12	Revision Examples
Week 13	Exam Briefing

Topic 8 will be dealt with in the Computing Practical in Week 4.

Aspects of Topic 10 will be discussed in the relevant lectures in Weeks 5 to 11.

## 14. Lecture Topics

TOPIC 1	Basic Statistical Concepts
TOPIC 2	Confidence Interval Estimation
TOPIC 3	Hypothesis Testing
TOPIC 4	Mathematical Expectation
TOPIC 5	Desirable Properties of Estimators
TOPIC 6	Two-Variable Regression Analysis The Model and Assumptions Estimation of the Two Variable Regression Model
TOPIC 7	Statistical Inference and Prediction in Regression Analysis
TOPIC 8	Computing in ECON141 – ECSTAT
TOPIC 9	An example of Regression Analysis using ECSTAT
TOPIC 10	Additional Computing Procedures
TOPIC 11	Non-Linearities in Regression Models
TOPIC 12	An example of Non-Linearity using ECSTAT
TOPIC 13	Correlation and Regression
TOPIC 14	ANOVA in the Two-Variable Regression Model
TOPIC 15	Multiple Regression Analysis The Model and Assumptions Estimation and Statistical Inference
TOPIC 16	Structural Change in Regression Models Dummy Variables in Regression Models Polynomial Regression Models
TOPIC 17	Examples of Multiple Regression using ECSTAT
TOPIC 18	ANOVA in Multiple Regression Models
TOPIC 19	Heteroscedasticity
TOPIC 20	Autocorrelation
TOPIC 21	The Durbin-Watson Test
TOPIC 22	Examples of Autocorrelation using ECSTAT
TOPIC 23	Multicollinearity
TOPIC 24	Specification Error
TOPIC 25	Examples of Specification Error using ECSTAT
TOPIC 26	Seasonality in Regression Analysis

References for these topics are provided in Appendix (2).

## 15. Tutorial/Computing Exercises

The tutorial program commences in Week 1. Students are required to attempt **tutorial and/or computing exercises** each week from Week 1 to Week 13 (inclusive). From Week 5 the tutorial exercises are based on computing exercises which must be completed before the tutorial exercise can be attempted.

Formal **tutorial classes** commence in Week 3, followed by a Computing Practical in Week 4. Computing Practicals replace tutorial classes in Week 4 only. Computing Practical groups are exactly the same as the Tutorial Groups. Locations for the Computing Practicals will be advised in the tutorials in Week 3 and on the ECON141 WebCT site.

After Week 4, formal tutorial classes continue in Weeks 5, 6, 7, 8, 9, 10, 11, 12 and 13.

There are no tutorial classes or computing practicals in Weeks 1 or 2.

Although there are no tutorial classes in Weeks 1 and 2, students should note that tutorial exercises have been set for each of the first two weeks. These exercises revise essential aspects of the statistical prerequisite material for the unit. They are an important part of the tutorial program and should not be neglected simply because there are no formal tutorial classes in those weeks. Students are expected to be able to complete the tutorial exercises set for Weeks 1 and 2 without assistance from staff. The solutions for these exercises will be placed on e-Reserve in the library, and on WebCT. Students may discuss any issues or difficulties arising from these exercises with staff during staff consultation hours.

Students should attempt as many exercises as possible before the tutorial sessions so that they may more effectively benefit from the discussion. It is important that students be in a position when they attend tutorials to indicate which aspects of the exercises should be given priority.

Details of the **Tutorial and Computing Practical Exercises** are provided in a separate handout. They can also be accessed on the ECON141 WebCT site.

Detailed tutorial solutions will be available on the ECON141 WebCT site, and on e-Reserve, on the Friday prior to the relevant tutorial.

Students are strongly advised to attend tutorials. The best advice that can be given to an ECON141 student is to attend lectures and tutorials, and to attempt the tutorial exercises **before** attending tutorials and **before** looking at the solutions on e-Reserve or on WebCT.

## 16. Assessment

There are three types of assessment in ECON141: an **optional** within-semester self-assessment component, an **optional** within-semester objective component, and a **compulsory** end-of-semester objective examination.

### NOTE

**It is the policy of the Economics Department that students enrolled in a unit offered by the Economics Department must pass the final examination to pass the unit.**

**Grades in ECON141 (S1, 2007) will be based entirely on the End-of-Semester Examination. That is, the weight of the End-of-Semester Examination in the grade for ECON141 is 100%.**

Students who do not attend the End-of-Semester ECON141 Examination will be given a grade of FA for the unit.

## 17. Optional Within-Semester Self Assessment

The optional within-semester self-assessment component consists of a series of Supplementary and Revision Exercises which students may work through in their own time, and which students mark themselves. Details of the Supplementary and Revision Exercises are provided in a separate handout. They can also be accessed from the ECON141 WebCT site.

Detailed Solutions for the Supplementary and Revision Exercises will be available on e-Reserve in the Library, and on the ECON141 WebCT site.

The purpose of the Supplementary and Revision Exercises is to enable students to judge for themselves how well they understand the lecture and tutorial material. The Supplementary and Revision Exercises are an extensive and exhaustive set of exercises. Many of the exercises are repetitive. **It is not intended that students work through all of the Supplementary & Revision exercises.** Students should use these exercises to the extent that they believe they need additional practice, repetition and reinforcement in using the techniques and procedures discussed in the ECON141 lectures and tutorials, and in interpreting the results.

## **18. Optional Within-Semester Objective Assessment**

The optional within-semester objective component consists of:

- (a) an optional Online Test of Revision Material
- (b) an optional Take-Home Mid-Semester Assignment
- (c) two optional Online Within-Semester Examinations

These three aspects of the assessment are entirely optional in the sense that students must decide for themselves whether they submit the Test of Revision Material, submit the Assignment, submit the two Within-Semester Examinations, or none of these. If students elect to submit the Test, submit the Assignment or submit the two Within-Semester Examinations, their work will be marked objectively. The Test and the two Within-Semester Examinations will be submitted and marked electronically on WebCT. The Assignment will be marked by staff and returned to students.

The purpose of these three optional aspects of the within semester assessment is to enable students to obtain an objective measure of how well they have understood the material covered in the relevant sections of the lecture and tutorial program.

## **19. Optional Online Test of Revision Material**

This Test will be distributed to students via WebCT in Week 4. The WebCT online submission deadline for this Test is 11:55 p.m. on Sunday 25th March.

## **20. Optional Take-Home Mid-Semester Assignment**

The Assignment will be distributed to students in the lectures in Week 6. The deadline for submission of the Assignment is 4:30 p.m. on Friday 27<sup>th</sup> April. The Assignment must be placed in the ECON141 box in the EFS Resource and Information Centre (ERIC), E4B-106. After-hours submissions may be placed in the ERIC after-hours box. Do **not** submit assignments directly to the lecturer or to tutors. Do **not** submit assignments under the lecturer's door or under a tutor's door. Even if your assignment is late it must be submitted in the ECON141 box in ERIC, or in ERIC's after-hours box.

## **21. Two Optional Online Within-Semester Examinations**

The first and second Within-Semester Examinations will be distributed to students via WebCT in Weeks 9 and 11 respectively. The WebCT online submission deadline for the first Within-Semester Examination is 11:55 p.m. on Sunday 13th May, and for the second Within-Semester Examination is 11:55 p.m. on Sunday 27<sup>th</sup> May.

## 22. End-of-Semester Examination

The final component of the assessment is compulsory. It is the End-of-Semester Examination. All students enrolled in ECON141 are required to attend the End-of-Semester Examination. The purpose of the End-of-Semester Examination is to objectively determine the grade for each student enrolled in ECON141.

## 23. Format of the End-of-Semester Examination

The End-of Semester Examination will have two sections: a multiple choice section, worth 40 marks, and a written-answer section, worth 60 marks.

The examinable content for the End-of-Semester examination consists of all the material discussed in lectures and tutorials from Weeks 1 – 13 (inclusive) except those tasks directly related to obtaining ECSTAT computing output. ECSTAT computing procedures are not examinable. However, students are required to be able to identify, summarise and discuss ECSTAT computer output.

## 24. Formulae Sheet

A formulae sheet will be provided to students in the End-of-Semester Examination. A copy of the formulae sheet will be available on the ECON141 WebCT site for inspection by students at least two weeks prior to the examination, and will be discussed in the final Exam Briefing lecture in Week 13.

## 25. Calculators

Some numerical calculations will be required in the End-of-Semester Examination. A basic calculator is all that will be required to carry out these calculations. Students will be permitted to take **non-programmable calculators only** into ECON141 End-of-Semester Examination. A calculator is non-programmable if it does not have memory, or if it is capable of storing only numerical data in memory. Calculators that are capable of storing alphabetic characters in memory will **NOT** be permitted in the ECON141 End-of-Semester Examination.



## 26. Supplementary Assessment

Students who are prevented by circumstances beyond their control from attending the End-of-Semester Examination, or whose performance in the examination is affected by circumstances beyond their control, may submit a request for special consideration to be allowed to sit for a Supplementary End-of-Semester Examination, or to have these circumstances taken into account in determining the student's grade. (See Section 27 on Special Consideration.)

Students will not be able to request special consideration for the optional within-semester components of assessment. That is, students will not be able to request permission to submit a Supplementary or Deferred Test of Revision Material, a Supplementary or Deferred Assignment, or Supplementary or Deferred Within-Semester Examinations.

## 27. Special Consideration

The rules and procedures governing Special Consideration are set out on page 42 of the Macquarie University *2007 Handbook of Undergraduate Studies*. It is the responsibility of all students enrolled in ECON141 to ensure that they have read and understand the rules and procedures governing Special Consideration.

**Note:** The University Senate has determined that minor illnesses are **NOT** sufficient grounds for being granted special consideration.

**Note:** The University Senate has determined that students in a unit will not be granted special consideration if their coursework for that unit is unsatisfactory, or if their participation in the unit is unsatisfactory.

In ECON141, results in the Optional Online Test of Revision Material, the Optional Take-Home Mid-Semester Assignment, and the Optional Online Within-Semester Examinations will be used as an indicator of the extent to which a student's coursework and participation in the unit can be deemed satisfactory. Attendance at Tutorials will also be used as an indicator of the extent to which a student's participation in the unit can be deemed satisfactory.

## 28. Attendance at Lectures and Tutorials

Attendance at Lectures and Tutorials is not compulsory, **but is strongly recommended**. Attendance at Tutorials will be recorded, and will be used, if necessary, together with the results of the Optional Within-Semester Objective Assessment, as an indicator of the extent to which a student's participation in the unit can be deemed satisfactory.

## **29. University Policy on Examination Attendance**

Students are expected to attend the End-of-Semester examination at the time and place designated in the University Examination Timetable. The timetable will be available in draft form approximately eight weeks before the commencement of the examinations and in final form approximately four weeks before the commencement of the examinations. The Draft and Final Examination Timetable will be available at: <http://www.timetables.mq.edu.au/exam>

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances a student may apply for Special Consideration. Information about unavoidable disruption and the Special Consideration process is available on page 42 of the Macquarie University 2007 *Handbook of Undergraduate Studies*, on the EFS web-site, and at: <http://www.reg.mq.edu.au/Forms/APScons.pdf>

If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled after the conclusion of the official examination period. Supplementary examinations conducted by the Division of Economic and Financial Studies for first semester units are normally scheduled during the period between the release of the examination grades and the start of the second semester.

It is Macquarie University policy not to set special early examinations for particular individuals or groups of students. All students are expected to ensure that they are available for examinations until the end of the teaching semester; that is, until the final day of the official examination period.

## **30. University Policy on Appeals by Students Against Grades**

The rules and procedures governing Appeals by Students Against Grades are set out on pages 43-45 of the Macquarie University 2007 *Handbook of Undergraduate Studies*, and on the EFS web-site. It is the responsibility of all students enrolled in ECON141 to ensure that they have read and understand the rules and procedures governing Appeals by Students Against Grades.

### **31. Lecturer-In-Charge**

Roger Tonkin                      E4A-524                      Ph: 9850-8494  
email: [rtonkin@efs.mq.edu.au](mailto:rtonkin@efs.mq.edu.au)

### **32. Tutor-In-Charge and Web-Master**

Rebecca Reeve                      E4A-420                      Ph: 9850-8495  
email: [rdreeve@efs.mq.edu.au](mailto:rdreeve@efs.mq.edu.au)

### **33. Other ECON141 Staff**

A list of room numbers, University phone numbers and email addresses for other full-time staff teaching in ECON141 will be provided to students on the ECON141 WebCT site as soon as the teaching arrangements have been finalised.

### **34. Staff Consultation Hours.**

Students are encouraged to consult the teaching staff of ECON141 on all matters relating to the unit, particularly issues or difficulties arising from the lecture and tutorial content, during staff consultation hours. Details of consultation hours will be displayed on the office doors of the full-time ECON141 staff and on the ECON141 WebCT site.

### **35. After-Hours Consultation**

Part-time and evening students may contact the Lecturer-in-Charge, Roger Tonkin, or the Tutor-In-Charge, Rebecca Reeve, to arrange a suitable time for an appointment outside the scheduled staff consultation hours, particularly after 5 pm if consultation before 5 pm is not possible because of employment, etc.

Roger Tonkin  
Lecturer-In-Charge  
February, 2007

# **APPENDICES**

- (1) Greek Alphabet
- (2) References
- (3) Standardised Numerical Grades (SNGs)
- (4) Plagiarism
- (5) Student Support Services
- (6) Nine Key Points in a Strategy for Surviving and Passing  
ECON141

## APPENDIX (1): GREEK ALPHABET

Listed below are the upper and lower case letters of the Greek alphabet and their names. Greek symbols are used extensively in the discussion of econometric methods.

<i>Large character</i>	<i>Small Character</i>	<i>Name</i>	<i>Large character</i>	<i>Small Character</i>	<i>Name</i>
A	$\alpha$	Alpha	N	$\nu$	Nu
B	$\beta$	Beta	$\Xi$	$\xi$	Xi
$\Gamma$	$\gamma$	Gamma	O	$\omicron$	Omicron
$\Delta$	$\delta$	Delta	$\Pi$	$\pi$	Pi
E	$\epsilon$	Epsilon	P	$\rho$	Rho
Z	$\zeta$	Zeta	$\Sigma$	$\sigma$	Sigma
H	$\eta$	Eta	T	$\tau$	Tau
$\Theta$	$\theta$	Theta	Y	$\upsilon$	Upsilon
I	$\iota$	Iota	$\Phi$	$\phi$	Phi
K	$\kappa$	Kappa	X	$\chi$	Chi
$\Lambda$	$\lambda$	Lambda	$\Psi$	$\psi$	Psi
M	$\mu$	Mu	$\Omega$	$\omega$	Omega

## **APPENDIX (2): TEXT-BOOK REFERENCES**

A detailed list of references for ECON141 from the current text-book is provided below, supplemented, where necessary, with references from two previous text-books written by Harrison & Tamaschke. The sources for these references are:

Gujarati, D.  
ESSENTIALS OF ECONOMETRICS  
**Third Edition**  
Irwin/McGraw-Hill, 2006

Harrison S.R. and H.U. Tamaschke  
APPLIED STATISTICAL ANALYSIS  
Prentice-Hall, 1984

Harrison, S.R. and Tamaschke R. H. V.  
STATISTICS FOR BUSINESS, ECONOMICS AND MANAGEMENT  
Prentice-Hall, 1993

Unless stated otherwise, the references are from Gujarati, **Third Edition**, 2006.

### **INTRODUCTION**

Chapter 1, pages 1-5

### **TOPIC 1 - BASIC STATISTICAL CONCEPTS**

Chapter 2, Sections 2.1 - 2.5

(Omit Bayes' Theorem, page 32)

Chapter 3, Section 3.7

Chapter 4, Sections 4.1 - 4.2

### **TOPIC 2 - ESTIMATION**

Chapter 5, Sections 5.1 - 5.3

### **TOPIC 3 - HYPOTHESIS TESTING**

Chapter 5, Section 5.5

### **TOPIC 4 - MATHEMATICAL EXPECTATION**

Chapter 3, Sections 3.1 - 3.4

(Omit Chebyshev's Inequality, page 57)

(Omit Coefficient of Variation, page 58)

### **TOPIC 5 - PROPERTIES OF ESTIMATORS**

Chapter 5, Section 5.4

(Omit Consistency, pages 113-114)

## **TOPIC 6 - TWO-VARIABLE LINEAR REGRESSION ANALYSIS**

Chapter 1, Sections 1 - 3

Chapter 6, Sections 1 - 5, and 8 - 11

Chapter 7, Sections 7.1 and 7.3

## **TOPIC 7 - STATISTICAL INFERENCE IN TWO-VARIABLE LINEAR REGRESSION**

Chapter 7, Sections 7.2, 7.4, 7.5, 7.7 - 7.8, and 7.10 - 7.12

## **TOPIC 9 - See TOPICS 6 & 7**

## **TOPICS 11 & 12 - NONLINEAR RELATIONSHIPS**

Chapter 6, Section 6

Chapter 9, Sections 1 - 2 and 4 - 5

Chapter 9, Appendix 9A

## **TOPICS 13 & 14 - THE ANALYSIS OF VARIANCE IN THE TWO-VARIABLE LINEAR REGRESSION MODEL**

Chapter 3, Sections 3, 4, and 7

(Omit Sample Skewness and Kurtosis, page 72)

Chapter 4, Section 4

Chapter 7, Section 6

### **NOTE:**

A basic understanding of the concept of Covariance is essential for a full understanding of Correlation (in both Populations and Samples).

Similarly, a basic familiarity with the relationship between Chi-Square distributions and the F distribution is essential for a full appreciation of the theoretical features and construction of F distributions.

Covariance, and the Chi-Square distribution, are not examinable in ECON141.

Specific text-book references for the Analysis of Variance in Linear Regression models are provided with the references for TOPIC 15 and TOPIC 18.

## **ADDITIONAL REFERENCES FOR TOPICS 13 & 14 - THE ANALYSIS OF VARIANCE IN THE TWO VARIABLE REGRESSION MODEL**

Harrison S.R. and H.U. Tamaschke, APPLIED STATISTICAL ANALYSIS, Prentice-Hall, 1984

Chapter 12, Section 5.4, and Sections 7-9

**TOPIC 15 - MULTIPLE REGRESSION ANALYSIS**

Chapter 1, Section 3

Chapter 6, Section 7

Chapter 8, Sections 1 - 8, and Section 13

(Omit equations 8.17 - 8.25, 8.27 - 8.28, and 8.31)

ANOVA IN MULTIPLE REGRESSION – See TOPIC 18

**TOPIC 16 - QUALITATIVE VARIABLES IN MULTIPLE REGRESSION ANALYSIS**

Chapter 10, Sections 1 - 5

**TOPIC 17 - POLYNOMIAL REGRESSION MODELS**

Chapter 9, Section 7

**TOPIC 18 - ANOVA IN MULTIPLE REGRESSION MODELS**

Chapter 8, Section 4 and Section 8

**ADDITIONAL REFERENCES FOR TOPICS 15 & 18 - ANOVA IN MULTIPLE REGRESSION ANALYSIS**

Harrison S.R. and H.U. Tamaschke, APPLIED STATISTICAL ANALYSIS,  
Prentice-Hall, 1984

Chapter 13, Section 6

Harrison S.R. and R.H.U. Tamaschke, STATISTICS FOR BUSINESS,  
ECONOMICS AND MANAGEMENT, Prentice-Hall, 1993

Chapter 10, Sections 1, 2, 3 and 4

**TOPIC 19 - HETEROSCEDASTICITY**

Chapter 13, Section 1, Section 2 and pages 399-402 of Section 3

(Omit Park Test)

**TOPIC 20 - AUTOCORRELATION**

Chapter 14, Section 1 and Section 2

**TOPICS 21 - THE DURBIN-WATSON TEST FOR FIRST-ORDER AUTOCORRELATION**

Chapter 14, Sections 3, 4 and 6

(Omit The First Difference Method, pages 442-443)

**TOPIC 22 - See TOPICS 20 & 21**



## **TOPIC 23 - MULTICOLLINEARITY**

Chapter 12, Sections 1 - 9

(Omit Subsidiary, or Auxiliary, Regressions, page 373)

(Omit the Variance Inflation Factor, VIF, page 374)

## **TOPICS 24 & 25 - SPECIFICATION ERROR IN REGRESSION ANALYSIS**

Chapter 8, Section 9

Chapter 11, Sections 2 - 5, Section 7 and Section 8

(Omit the MWD Test, pages 353-353)

Chapter 14, Section 1, page 430 (Model Specification Errors)

## **TOPIC 26 - MODELLING SEASONAL EFFECTS USING DUMMY VARIABLES**

Chapter 10, Section 6

### **DUMMY VARIABLE TRAP**

Chapter 10, Section 10.1, page 295

## **APPENDIX (2) CONTINUED: OTHER REFERENCES**

A detailed list of references for ECON141 is given in the tables on the next two pages. The two sources for these references are the **second edition** of the current text-book written by Gujarati, and a previous text-book, written by Harrison and Tamaschke:

Gujarati, D.

ESSENTIALS OF ECONOMETRICS

**Second Edition**

Irwin/McGraw-Hill, 1999

Harrison, S.R. and Tamaschke R. H. V.

STATISTICS FOR BUSINESS, ECONOMICS AND MANAGEMENT

Prentice-Hall, 1993

Topics	Reference in Gujarati 2 <sup>nd</sup> Edition	Reference in Harrison & Tamaschke
<b>The role of Econometrics in Economic Analysis</b>	<b>Chapter 1</b>	
<b>Basic Statistical Concepts: A Review</b>		
1. Random Variables	2.3	2.1, 2.2, 2.4
2. Probability density function	2.5	
3. Rules of Summation	2.1	3.1, 3.2
4. Mean of a random variable	2.7	
5. Variance of a random variable	2.7	4.1, 4.2, 4.3
6. Standard deviation of a random variable	2.7	
7. Populations and samples	2.8	5.2, 5.3, 5.4.4
8. Normal distribution	3.1	
9. t-distribution (using t tables)	3.4	6.1, 6.2, 6.3
<b>Statistical Inference</b>		
1. Statistical Inference	4.5	7.3.1, 7.3.3
2. Estimation of Parameters: Point vs. Interval	4.5	7.4.1-7.4.3
3. Hypothesis Testing	4.5	
4. Properties of Point Estimators	4.4	8.1-8.5
<b>The Two –Variable Regression Model</b>		
1. Purpose	5.1	9.2, 9.3, 9.4 9.5, 9.7.1
2. Assumptions		
3. The error term	5.4	
4. Population and sample regression	5.5	
5. Least squares estimates	5.8	
6. Interpretation of the coefficients	5.8	
7. Elasticities	8.1	
8. Prediction	6.11	
<b>Properties of Least Squares Estimators</b>		
1. Mean and variance of the LS estimators	6.3	9.6.1
2. Gauss Markov Theorem	6.3	9.6.2
3. Probability distribution of the LS estimators	6.4	
<b>Inference in the Simple Linear Regression Model</b>		
1. Confidence intervals for the coefficients of the regression model	6.5	9.6.3 9.7.3
2. Hypothesis testing	6.5	
3. Prediction intervals	6.11	
<b>Analysis of Variance and Coefficient of Determination in the Two -Variable Model</b>		
1. Analysis of Variance	6.6	9.6.4
2. Coefficient of determination	6.6	9.8
3. Sample correlation coefficient	6.6	9.9
4. Comparing correlation and regression analysis	6.6	
5. Reporting regression results	6.7	

<b>Topics</b>	<b>Reference in Gujarati 2<sup>nd</sup> Edition</b>	<b>Reference in Harrison &amp; Tamaschke</b>
<b>Functional Forms of Regression Models</b>		<b>10.5</b>
1. Introduction to Functional Forms	<b>8</b>	
2. Log-Linear (log-log or double log) Models Measuring Elasticity	<b>8.1</b>	
3. Linear vs. Log-Linear Models	<b>8.2</b>	
<b>The Multiple Regression Model</b>		<b>10.1, 10.2</b>
1. Assumptions	<b>7.1, 7.2</b>	
2. Interpretation of the coefficients	<b>7.2</b>	
3. LS estimation	<b>7.3</b>	
4. Probability distribution of the LS estimators	<b>7.3</b>	
5. Interval estimation	<b>7.7</b>	
<b>Hypothesis Testing in the Multiple Regression Model</b>		
1. Student t-tests	<b>7.6, 7.7</b>	<b>10.3</b>
2. Goodness-of-Fit	<b>7.5</b>	<b>10.5</b>
3. F-Tests	<b>7.8</b>	
4. ANOVA Table	<b>7.8</b>	
5. Non linear functional forms: log-log and polynomial Models	<b>8.1, 8.2, 8.3, 8.7</b>	
6. Prediction		
<b>Multicollinearity</b>		
1. The nature of multicollinearity		
2. Effects of multicollinearity	<b>10.1, 10.2</b>	<b>10.6</b>
3. Identifying multicollinearity	<b>10.3, 10.4</b>	
4. Mitigating multicollinearity	<b>10.5</b>	
<b>Dummy Variables</b>	<b>10.8</b>	
1. Intercept Dummy Variables		
2. Slope Dummy Variables	<b>9.1, 9.2</b>	<b>10.4</b>
3. Different Intercepts & Slopes	<b>9.2</b>	
4. Testing for the existence of a qualitative effect.	<b>9.2</b>	
5. Testing for a structural break	<b>9.2</b>	
6. Seasonal Dummy variables	<b>9.6, 9.7</b>	
<b>Heteroscedasticity</b>		
1. The nature of heteroscedasticity	<b>11.1</b>	<b>10.7.2</b>
2. The consequences of heteroscedasticity	<b>11.2</b>	
3. Detecting heteroscedasticity	<b>11.3</b>	
<b>Autocorrelation</b>		
1. The nature of autocorrelation	<b>12.1</b>	<b>10.7.1</b>
2. The consequences of autocorrelation	<b>12.2</b>	
3. Detecting autocorrelation: Durbin Watson test	<b>12.3</b>	
<b>Model Specification</b>		
1. Formulating a Model	<b>13.1</b>	
2. Attributes of a Good Model	<b>13.1</b>	
3. Types of Specification Errors	<b>13.2</b>	
4. Detecting Specification Errors	<b>13.3</b>	

## **APPENDIX (3): STANDARDISED NUMERICAL GRADES**

The Academic Senate has a set of guidelines on the distribution of grades across the range from fail to high distinction. Your final result will include one of these grades plus a standardised numerical grade (SNG).

Your raw mark for a unit (i.e. the total of your marks for each assessment item) may not be the same as the SNG which you receive. Under the Senate guidelines, results may be scaled to ensure that there is a degree of comparability across the university, so that units with the same past performances of their students should receive similar results.

It is important that you realise that the policy does not require that a minimum of students be failed in any unit. In fact it does something like the opposite, in requiring examiners to explain their actions if more than 20% of students fail in a unit.

The process of scaling does not change the order of marks among students. A student who receives a higher raw mark than another will also receive a higher final scaled mark.

For an explanation of the policy see page 43 of the Macquarie University 2007 *Handbook of Undergraduate Studies*, and:

<http://www.mq.edu.au/senate/rules/Guidelines2003.doc> or  
<http://www.mq.edu.au/senate/rules/detailedguidelines.doc>

## **APPENDIX (4): PLAGIARISM**

The University defines plagiarism in its rules: ‘Plagiarism involves using the work of another person and presenting it as one’s own.’ Plagiarism is a serious breach of the University’s rules and carries significant penalties. You must read the University’s practices and procedures on plagiarism. These can be found in the Macquarie University *2007 Handbook of Undergraduate Studies* (pages 17 and 46-47) or on the web at: <http://www.student.mq.edu.au/plagarism/>

The policies and procedures explain what plagiarism is, how to avoid it, the procedures that will be taken in cases of suspected plagiarism, and the penalties if you are found guilty. Penalties may include a deduction of marks, failure in the unit, and/or referral to the University Discipline Committee.

## **APPENDIX (5): STUDENT SUPPORT SERVICES**

Macquarie University provides a range of Academic Student Support Services. Details of these services can be accessed at <http://www.student.mq.edu.au>.

## **APPENDIX (6):**

### **NINE KEY POINTS IN A STRATEGY FOR SURVIVING ECON141 .... AND PASSING**

1. Attend as many lectures as possible.
2. Attend as many tutorials as possible.
3. Attempt the tutorial exercises before attending the relevant tutorials and before you inspect the answers on e-Reserve or on WebCT.
4. If you miss a tutorial, make sure you attempt the exercises as soon as possible, and that you attempt the exercises before you inspect the answers on e-Reserve or on WebCT.
5. Attempt the Optional Within-Semester Assessment.
6. After each tutorial, if you need additional practice exercises, attempt as many of the relevant Supplementary & Revision exercises as required until you feel you have mastered the techniques contained in those exercises.
7. Attempt the Supplementary & Revision exercises before you inspect the answers on e-Reserve or on WebCT.
8. If you don't understand the material in the tutorials, the computing practical, or the material in the Supplementary & Revision exercises, consult the ECON141 staff as soon as possible. Don't wait till later in the semester.
9. Keep up to date with the work. Don't fall into the trap of thinking you will be able to do the work later.